

BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 89-481-C - ORDER NO. 90-154  
FEBRUARY 13, 1990

IN RE:	Application of Southern Bell	)	
	Telephone & Telegraph Company	)	ORDER DENYING MOTION
	for Approval of its New VG/ELG	)	TO DISMISS OR HOLD
	Depreciation Rates and Amorti-	)	PROCEEDING IN
	zation Schedules	)	ABEYANCE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of a Motion to Dismiss or Hold Proceeding in Abeyance filed on January 22, 1990, on behalf of the South Carolina Cable Television Association (SCCTA), an Intervenor in the instant matter. The Motion filed on behalf of SCCTA request the Commission issue an order dismissing the application of Southern Bell Telephone & Telegraph Company (Southern Bell), or, in the alternative, issue an order holding the within proceeding in abeyance pending institution and completion of a separate proceeding to determine whether or not Southern Bell is earning in excess of its authorized rate of return, whether its rate of service should be reduced, and/or whether its authorized rate of return on rate base and common equity should be reduced.

SCCTA makes several allegations in support of its Motion. SCCTA alleges that since Southern Bell indicates that an implementation of the new depreciation rates and schedules sought

would not result in an immediate need to increase it's rates and charges to subscribers for local exchange service in spite of Southern Bell's assertion that the deprecation rates and amortization schedules will result in \$14.8 million worth of additional, non cash expense on the books of the Southern Bell, a direct impact on the revenue requirements of the Southern Bell will result, which in turn, according to the SCCTA, portend a rate increase. Additionally, SCCTA points to the Company's annual reports for calendar years 1986, 1987 and 1988 which, in SCCTA's view, reflects increased earnings in each of those years. SCCTA has examined the surveillance reports submitted to the Commission by Southern Bell which indicate increased intrastate earnings for each twelve (12) month period examined. Based upon SCCTA's examination, it is of the opinion that Southern Bell may be earning in excess of its authorized rate of return and that an examination of Southern Bell's authorized rate of return on rate base and return on common equity would be appropriate.

The same documents that SCCTA relies on are the documents that the Commission and Commission Staff have reviewed to monitor the Company's earnings. The Commission is cognizant of the potential problems pointed out by SCCTA in its Motion. However, this Commission, which is charged with the supervision and regulation of Southern Bell does not view Southern Bell's earnings in the same light as SCCTA. The Commission sees nothing to indicate a "trend" in the earnings reflected in the Company's annual reports for 1986, 1987 and 1988. There is no indication

that the Company is earning an excess of its authorized rate of return granted by this Commission. While SCCTA would have the Commission reduce Southern Bell's authorized rate of return because what it is earning now is "excessive", it is axiomatic that the Commission's actions in the instant Docket concerning depreciation rates will certainly have some impact on the Company's earnings if any changes are granted, and the effects of Hurricane Hugo have not yet been factored into the Company's reports filed with the Commission. It would be, in the Commission's opinion, premature to reduce the Company's authorized rate of return or reduce its rates until the effects of depreciation and Hugo are considered.


SCCTA goes into great detail concerning proceedings before the Georgia Public Service Commission. While the Commission finds the proceeding in Georgia to be of interest, what is happening in the State of Georgia is certainly not binding on this Commission and should not dictate what actions this Commission will take concerning Southern Bell's depreciation filing or any other matter.

Finally, SCCTA submits that the application by Southern Bell concerning its depreciation rates is merely a "prelude to request for increase in Southern Bell's rates and charges and that Applicant should not be permitted to divide into components parts the ratemaking process." SCCTA does not provide the Commission any information as to why it thinks that Southern Bell would soon be filing a rate case. The Commission has nothing before it to

indicate that Southern Bell intends to do such, and any assertion by SCCTA, unless shown otherwise, is merely speculation. The Commission attaches no credence to that statement.

The Commission is of the opinion and so finds that SCCTA has not offered the Commission any viable reason to dismiss this matter or to hold this matter in abeyance and have a separate proceeding concerning Southern Bell's earnings. As previously stated, and in response to SCCTA's Motion, it would be prudent for the Commission to first consider the proposed adjustments to the depreciation rates offered by Southern Bell in the instant docket. The Commission is to decide what action if any is appropriate concerning Southern Bell's depreciation rates after considering the evidence in the record. From the Commission's actions in this docket and considering the effects of Hurricane Hugo on the Company's earnings, a proper picture of the Company's earnings will be available. Until that time, the Commission sees no need to delay this matter or to hold a special proceeding to examine the Company's earnings and authorized rate of return. Therefore, the Motion to Dismiss or Hold Proceeding in Abeyance filed on behalf of SCCTA is hereby denied.

BY ORDER OF THE COMMISSION:

  
Chairman

ATTEST:

  
Executive Director  
(SEAL)